

24 December 2011

QUEENSLAND PLANNING & ENVIRONMENT COURT PROCEEDINGS

Cougar Energy Limited (ASX: CXY) advises that it made an interim application (stay application) to the Queensland Planning & Environment Court to postpone the requirement to decommission and rehabilitate the underground cavity at its Kingaroy site, pending the outcome of the Company's appeal to set aside amendments to its operating permit (Environmental Authority).

The Court has determined not to allow the stay application. Cougar Energy disputes several technical and factual findings and the basis on which the judgment was made. The Company is considering its legal options to appeal the judgment.

The Company continues to maintain that it has not caused any environmental harm at Kingaroy.

The Company's action to set aside the amendments to the Environmental Authority which prohibit operations taking place at Kingaroy, as well as the separate proceedings in the Supreme Court seeking damages from the Queensland Government for the shutdown of the Kingaroy project, both remain on foot.

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